AWE Limited

CAPITAL RAISING

15 November 2017

AWE

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Content

Photo: Waitsia Gas project

Executive Summary

AWE

AWE IS SEEKING TO RAISE APPROXIMATELY $38M VIA AN INSTITUTIONAL PLACEMENT

- **AWE has made significant progress on Waitsia**
  - AWE continues to move the project towards FID
  - Excellent data from flow tests and the upgraded view of Reserves by RISC provides further information for potential gas buyers
  - Increased reserves provide opportunities for significantly increased near term field production and longer field life
  - Work continues on the facilities design competition and FEED with tenders on track to be delivered by end of November

- **Key commercial discussions advanced**
  - AWE continues to progress key commercial negotiations on Waitsia including proposed gas sales and the EPC and BOO alternatives
  - Increased activity by gas buyers with a number of off-takers running gas procurement processes

- **AWE is raising approximately $38m**
  - Provide greater financial strength in negotiating commercial arrangements for Waitsia Stage 2 project construction and gas sales agreements
  - Strengthens AWE's financial position prior to renewal of its corporate debt facility and the financing of the Waitsia Stage 2 development
  - Provide sufficient equity to fund AWE's share of the Waitsia Stage 2 project if a BOO development model is selected or, alternatively, part fund AWE's share if an EPC development model is selected
  - A range of corporate purposes including capital expenditure on other development projects including Casino-Henry

Transaction Details

AWE

UNDERWRITTEN PLACEMENT TO RAISE APPROXIMATELY A$38M WITH ACCOMPANYING SHARE PURCHASE PLAN

Institutional Placement	• Fully underwritten Institutional Placement to raise approximately A$38 million via the issue of ~76.9 million new shares • Will be issued without requiring shareholder approval under AWE's 15% placement capacity • Issue price of A$0.50 per share, representing a discount of 10.7% to AWE's last close price of A$0.56 on 14 November 2017
Share Purchase Plan	• Share Purchase Plan ("SPP") to provide eligible Australian and New Zealand shareholders with an opportunity to participate • Eligible Australian and New Zealand shareholders can subscribe for shares up to the value of A$15,000 • The SPP is not underwritten and capped at total proceeds of A$10 million (subject to scale-back in the event of oversubscription) • Price to be the lower of the Institutional Placement price and the 5-day VWAP ending on the closing date of the SPP offer • An SPP Offer Booklet containing further details of the SPP offer will be sent to eligible Australian and New Zealand shareholders
Indicative Timetable	• Record Date for eligibility to participate in SPP: Tuesday, 14 November 2017 • Trading halt and announcement of Institutional Placement: Wednesday, 15 November 2017 • Trading halt lifted and AWE shares resume trading: Expected to be Thursday, 16 November 2017 • Settlement of Institutional Placement shares: Monday, 20 November 2017 • Issue and quotation of Institutional Placement shares: Tuesday, 21 November 2017 • Dispatch SPP Offer Documents: Friday, 24 November 2017 • SPP acceptance period: Friday, 24 November 2017 to Thursday, 14 December 2017 • Issue of SPP shares: Thursday, 21 December 2017 and quotation of SPP shares: Friday, 22 December 2017

Note: The above timetable is indicative only and subject to change at AWE's sole discretion. Any changes will be notified to the ASX. References to time are Sydney time

Use of Proceeds

- **Strengthen AWE's balance sheet**
  - Provide greater financial strength in negotiating commercial arrangements for Waitsia Stage 2 project construction, gas term sheets and gas sales agreements
  - Strengthens AWE's financial position prior to renewal of its corporate debt facility and the financing of the Waitsia Stage 2 project
- **Waitsia Stage 2 funding**
  - Provide sufficient equity to fund AWE's share of the Waitsia Stage 2 project if a Build Own Operate ("BOO") development model is selected, or
  - Part fund AWE's share if an Engineering Procurement Construction ("EPC") development model is selected
- **Other existing portfolio development and growth opportunities**
  - A range of corporate purposes including capital expenditure on other development projects including the next stage of the Casino-Henry gas project

Key Asset Summary

AWE IS FOCUSED ON THREE KEY BUSINESS UNITS

West Coast – Waitsia

- Independent review by RISC increases Waitsia 2P Reserves to 811PJ (gross); 78% higher than AWE's 2P Waitsia Reserves as at 30 June 2017
- Project life substantially improved to deliver 100TJ/d for at least 20 years
- Facility tenders on track to be delivered for assessment by end of November 2017

East Coast – BassGas & Casino

- 23% improvement in Q1 FY18 BassGas production from compression start-up
- Strong customer interest for Casino Gas on improved pricing terms from March 2018
- Henry 3 well development studies underway

Indonesia – Ande Ande Lumut

- Strengthening oil price is positive for a future AAL development
- Government 10% participation notice to take effect in 2018
- Combined K & G sand development improves project economics

1

Onshore Perth Basin

Waitsia Gas Project

Waitsia: Update

RISC independent review increases 2P Reserves to 811 PJ (gross)

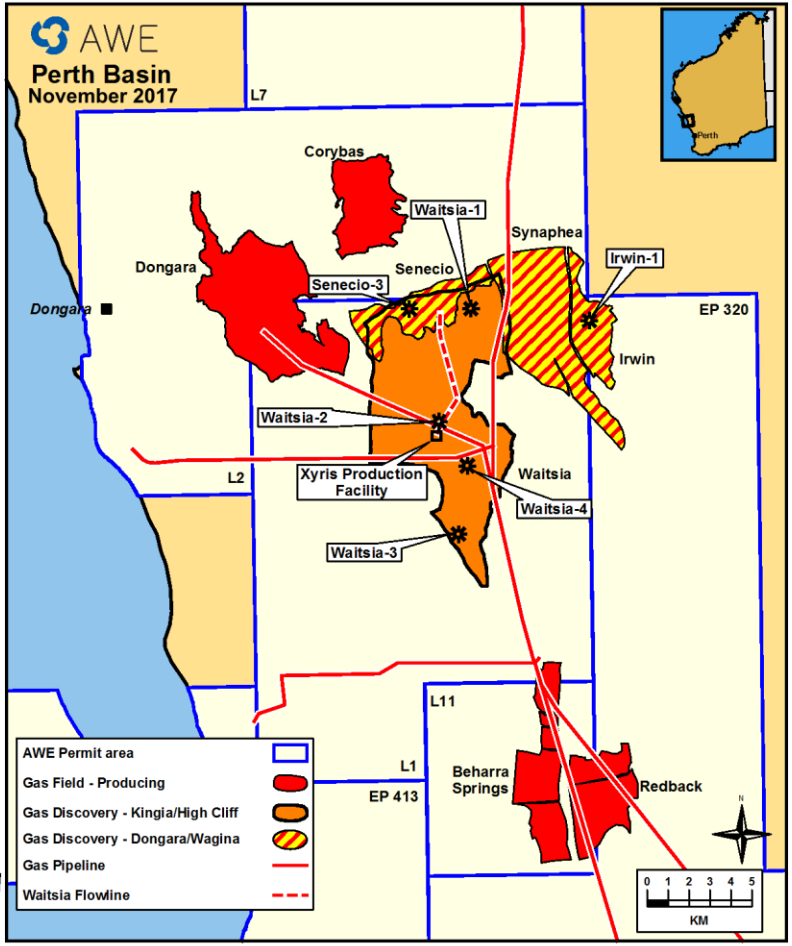
- Represents 78% increase on AWE's current booked Waitsia 2P Reserves
- AWE expects to formally update its 2P Reserves post results of the current flow test program once subsequent analysis and evaluation work is completed
- RISC review increases confidence in the ability to enter into long-term gas contracts with potential gas buyers

Increased activity in gas markets

- Waitsia participating in WA gas customer gas procurement processes for the period 2020 onwards

Design competition and FEED remain on track

- BOO and EPC options are being assessed for development of facilities. EPC would require greater funding from AWE than BOO
- BOO and EPC tenders are expected by the end of November 2017, ahead of an evaluation and decision on the development approach



Independent Reserves Review at Waitsia

AWE

RISC HAS ESTIMATED GROSS WAITSIA 2P RESERVES AT 811 PJ; A 78% INCREASE

RISC estimated Reserves and Contingent Resources for the Waitsia gas field					
Sales Product	**Unit**	**1P**	**2P**	**3P**	**2C**
Gross sales gas	PJ	518.7	**811.2**	1,219.6	**89.9**
Gross condensate	MMbbl	0.10	0.16	0.25	0.02
AWE Net sales gas	PJ	259.3	**405.6**	609.8	**45.0**
AWE Net condensate	MMbbl	0.05	0.08	0.12	0.01

AWE booked Reserves and Contingent Resources for the Waitsia gas field as at 30 June 2017					
Sales Product	**Unit**	**1P**	**2P**	**3P**	**2C**
Gross sales gas	PJ	240.3	**456.0**	784.5	**211.2**
Gross condensate	MMbbl	0.10	0.16	0.28	0.08
AWE Net sales gas	PJ	120.2	**228.0**	392.25	**105.6**
AWE Net condensate	MMbbl	0.05	0.08	0.14	0.04

- The independent assessment is closely aligned with AWE's internal estimates from work completed to date. AWE will finalise its view of Waitsia Reserves by year end after incorporating the most recent data from appraisal operations

Source: AWE ASX announcement 14 November 2017. AWE is not aware of any new information or data that materially affects the information included in the ASX announcement dated 14 November 2017 and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Waitsia Stage 2 Scorecard

MATERIAL PROGRESS ON KEY DEVELOPMENT WORK STREAMS

	2017			2018
1 Subsurface	RISC certify 2P Reserves to underpin 10yr project ✓	Waitsia-3 & -4 drilling results exceed expectation ✓	Latest RISC review considerably increased 2P Reserves ✓	FID
2 Gas Marketing	Detailed Gas Marketing commenced September 16 ✓	First term sheet (15TJ/day) signed February 17 ✓	Additional gas sales (~+50TJ/day required to underwrite project)	
3 Facilities FEED	Completed Pre-FEED in Q2 CY17 ✓	Commence FEED June 17 ✓	Facility tenders due November 17 (2x EPC, 2x BOO)	

Waitsia Stage 2: Commercialisation

PATH TO FINAL INVESTMENT DECISION

Subsurface
Independent review[1] of Reserves
(78% uplift from June 17)

Gas Marketing
Additional gas sales
(~+50TJ/day to underwrite project)

Plant & Facilities
FEED Design (tender to determine EPC or BOO route November 17)

Finance
Optimising and securing the most appropriate financing

FID

[1] Independent review by RISC

2

East Coast Gas

Casino and BassGas

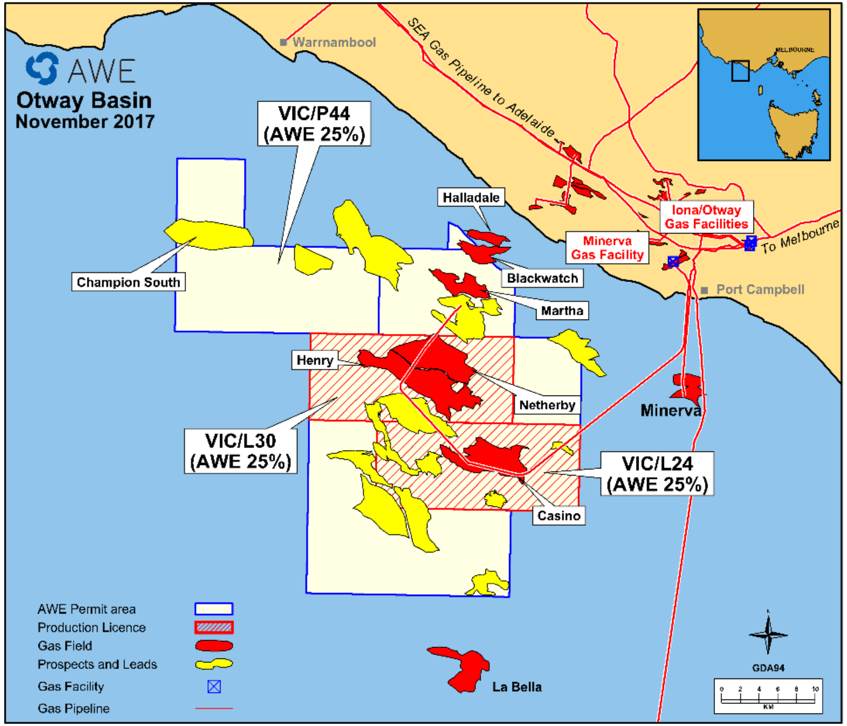
Lang Lang gas plant

Casino: Update

CASINO WELL PLACED TO LEVERAGE UPSIDE IN EAST COAST GAS PRICES

Casino gas marketing progress has been positive with the JV looking to recontract gas in Q1 2018

- Revenue step up from new gas contract pricing expected from March 2018
- Negotiations underway to secure gas processing post February 2018
- A workover of Casino-5 (currently shut-in) is planned for 1Q 2018
- Operator progressing studies for Stage 3 development case (Henry-3 well estimated 2019)
- Joint Venture reviewing options for possible future exploration program

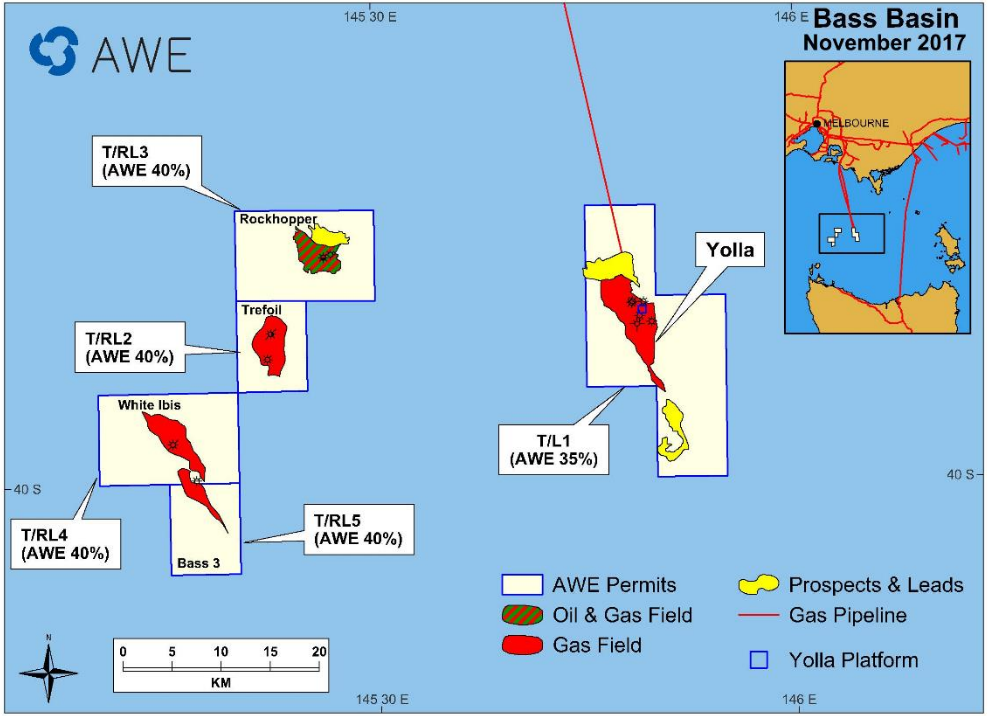


BassGass: Update

23% IMPROVEMENT IN PRODUCTION IN LAST QUARTER FOLLOWING SUCCESSFUL MLE START UP

Final stage of Mid Life Enhancement (MLE) project (compression hook-up) completed in June 2017

- Following a brief period of commissioning, production increased to nameplate capacity (~67 TJ/d)
- The Operator continues to optimise compressor operation and off-shore water handling
- Reserves revised 13% upwards (before FY17 production)
- Process to contract remaining Reserves to commence in 2H 2018; expected to realise substantially higher prices
- Revenue step up from new gas contract pricing expected in 1H 2019



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Indonesia

Ande Ande Lumut (AAL)

Drilling AAL-4XST1 Appraisal Well

AAL: Update

STRENGTHENING OIL PRICE IS POSITIVE FOR A FUTURE AAL DEVELOPMENT

Combined K and G sand creates additional value for development

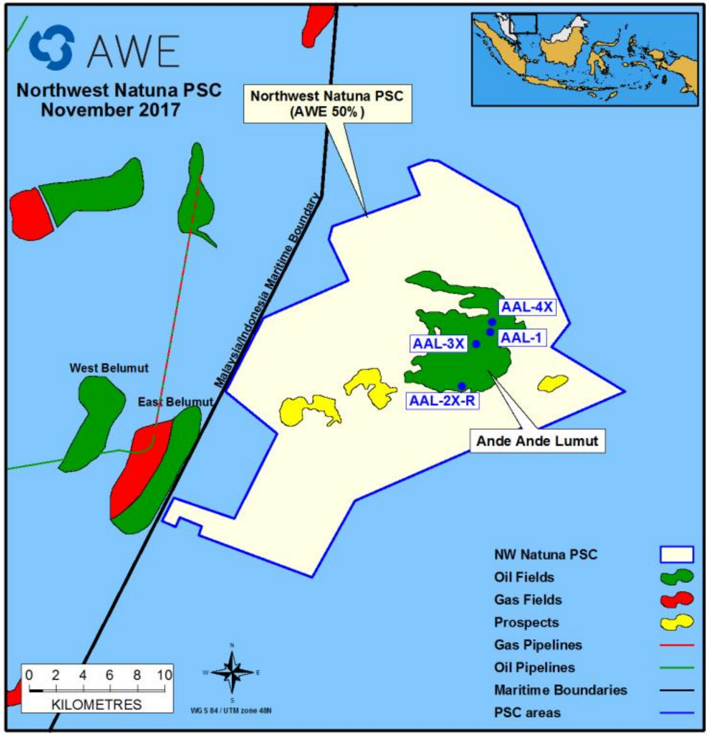
- Improved oil quality in K and G sands increases forecast revenues from the project and reduces future capex requirements.
- Incorporating the G sand into the development may require an amendment to the approved Plan of Development
- Laboratory studies confirm ability to co-produce both sands and confirm better than expected reservoir quality in K Sand
- Reduced number of wells required for full field development

Government exercised its AAL assignment right

- In late October, the Indonesian Government advised that it will exercise its right to assign 10% of the Contractors' interest in AAL to a local entity in 2018. (5% from each of AWE and Santos)
- This is normal under Indonesian PSC terms and is a positive sign of Indonesian Government support for the project.
- AWE and Santos will each have a 45% interest but will be required to carry the local entity to first production, after which the partner is obliged to repay its share of the carry

Uncertainty around the Operator remaining in the permit

- Santos regards the asset as non-core and may divest its interest
- The US$88m carry by Santos in favour of AWE upon any investment decision remains in place



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Other Corporate

Other Corporate: Update

- **Completion of Bulu PSC sale delayed**
  - Completion of the sale of AWE's 42.5% interest in the Bulu PSC has been delayed. The purchaser, a subsidiary of HyOil Pte Ltd, has continued to make progress payments and is negotiating an extension of time to complete.
- **Portfolio Management**
  - Sale of 100% interest in L7 (Mt Horner) permit onshore Perth Basin to Key Petroleum agreed subject to government approvals. Terms include reimbursement by AWE of agreed decommissioning and rehabilitation costs over time up to a cap of A$1.9 million.
  - Relinquishment of the Terumbu PSC (AWE 100%), offshore Indonesia. US$2.0 million remains to be paid by AWE (from a total of US$8m) in lieu of completing the work program and is expected to be completed by instalment by the end of FY18.
- **Finalising BassGas drilling cost arbitration**
  - Origin/Lattice has advised AWE that the JV was unsuccessful in an arbitration in respect of drilling costs for Yolla-5 and 6 from the drilling contractor. As a result AWE will be required to pay its share of outstanding drilling costs and fees of approximately $7.0 million net, in 2Q FY18. The majority of these costs were provided for in the 2017 financial year accounts.
- **Indonesian tax audit**
  - Indonesian Taxation Office (ITO) has indicated it will undertake an audit of the 2012 acquisition by AWE of AWE Northwest Natuna Pte Ltd and AWE Anambas Pte Ltd as part of the acquisition of AAL from Genting, as well as inquiring into the sale of 50% of the AAL PSC to Santos in 2012. AWE is engaging with the ITO in relation to these matters and no amended assessments have been issued.

Conclusion

AWE

- ✓ Balanced portfolio of quality production, development and exploration in established basins
- ✓ Transformational development opportunity at Waitsia plus significant potential beyond Stage 2
- ✓ Stable base production in east coast Australia
- ✓ Leverage to price upside in the east coast gas market
- ✓ Strong platform for growth from existing resource upside

Glossary of Abbreviations

1P	Proved Reserves	MLE	Mid Life Enhancement project
2C	Contingent Resources	PJ	Petajoules
2P	Proved and Probable Reserves	POD	Plan of Development
3P	Proved, Probable and Possible Reserves	PSC	Production Sharing Contract
AAL	Ande Ande Lumut oil project	RISC	Independent oil & gas advisory firm
BOO	Build Own Operate	Shares	Ordinary shares of AWE
Bbls	Barrels	TJ	Terajoules
Bopd	Barrels of oil per day	VWAP	Volume Weighted Average Price
CY	Calendar Year		
EPC	Engineering, Procurement, Construction		
FID	Final Investment Decision		
FEED	Front End Engineering & Design		
FY	Financial Year		
JV	Joint Venture		
LPG	Liquefied Petroleum Gas		
m	metres		
MDRT	Measured Depth below Rotary Table		

Key Risks

General	• This section discusses some of the key risks associated with an investment in AWE's Shares. The risks may affect the future operating and financial performance of AWE and/or the value at which the Shares may trade in the future. • The risk factors described in this presentation are not listed in order of importance or likelihood and do not constitute an exhaustive list of all risk factors relating to an investment in AWE. There may be additional risks and uncertainties not currently known that may also have an adverse effect on AWE's business or the value of AWE's Shares. • You should note that the occurrence or consequences of many of the risks set out in this presentation are partially or completely beyond the control of AWE, its directors and management. It is also important to note that there can be no guarantee that AWE will achieve its stated objectives or that any forward looking statements, expectations, illustrations or forecasts contained in this presentation will be realised or otherwise eventuate.
Commodity Prices	• The financial performance and results of AWE will be heavily influenced by its exposure to commodity price risk through the realised price received from the sale of hydrocarbons – gas, crude oil, condensate and LPG. Australian gas sales are not subject to commodity price risk as the product is sold in Australian Dollars under long-term contracts with CPI escalators in place. However, a large portion of AWE’s gas Reserves are uncontracted. There is a risk that adverse market fluctuations or supply and demand factors may affect the ability for AWE to contract its gas Reserves in the future. • A material, extended or substantial decline in the realised price for oil and in the contracted price for gas produced by AWE may have a material adverse impact on the financial results and future prospects of AWE and/or ability to fund future exploration, appraisal and development activities. Declines in the price of oil and gas, and continuing price volatility may also lead to revisions of the medium and longer price assumptions from future production, which may lead to a revision of the carrying value of some of AWE's assets and/or a reduction of reserves estimates.
Equity Market	• AWE’s Share price may rise or fall. The Share price on ASX is determined by a range of factors including movements in local and international equity, general investor sentiment in relevant markets, inflation, interest rates, general economic conditions and outlook and changes in the supply of, and demand for, oil and gas industry securities, changes to government regulation, policy or legislation, changes which may occur to the taxation as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.
Regulatory	• AWE operates in increasingly regulated industries and jurisdictions with significant penalties for non-compliance. Any regulatory change, event or enforcement action could have a material adverse impact on AWE. • Amendments to current laws and regulations governing AWE’s operations or more stringent implementation of laws and regulations could have an adverse impact on AWE.
Project Analysis	• AWE has undertaken financial, operational, business and other analysis in respect of Stage 2 of the Waitsia project in order to determine its readiness to proceed from a technical, commercial and economic perspective. It is possible that the analysis undertaken by AWE and the best estimates assumptions made by AWE draw conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology, misinterpretation of economic circumstances or otherwise). To the extent that the actual results achieved by Stage 2 of the Waitsia project are weaker than those indicated by AWE’s analysis, there is a risk that this may have an adverse impact on the financial position, financial performance and/or share price of AWE.

Key Risks

Technical	• AWE has undertaken technical assurance for the Waitsia gas project. It is considered that the project is technically mature and has robust estimates of cost and schedule and that there is sufficient definition for the Project to proceed into the Implementation Phase. It is possible that despite the assurance work undertaken that circumstances may arise where technical issues will impact on the deliverability of the outcomes associated with the development of Waitsia. Circumstances that have been identified as high technical risk include gas well deliverability – lower than expected reservoir deliverability over the life of the field, well system failure during the production cycle and inlet pressure being below specification and unable to deliver at design rates for an extended period. • To the extent that technical issues are not able to be mitigated through planning and control practices, there is a risk that this may have an adverse impact on the financial position, financial performance, and/or share price of AWE.
Exploration & Production	• The future profitability of AWE and the value of its Shares are directly related to the results of exploration, development and production activities as well as costs and prices as noted above. Oil and gas exploration and production however involves significant risk, including but not limited to geological and technical risks and uncertainties. • Exploration is a speculative endeavour with an associated risk of discovery to find any oil and gas in commercial quantities and a risk of development. No assurances can be given that funds spent on exploration will result in discoveries that will be commercially viable. Future exploration activities, including drilling and seismic acquisition, may result in changes in current prospectivity perceptions of individual prospects, leads and permits. It may even lead to a relinquishment of the permit, or a portion of the permit. • Development and production of oil and gas projects may be exposed to low side reserve outcomes, cost overruns, production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure and other unforeseen events. A significant poor development outcome or failure to maintain production could result in AWE lowering reserve and production forecasts, loss of revenue and additional operating costs to restore production. In some instances, a loss of production may incur significant capital expenditure, which could require AWE to seek additional funding.
Drilling	• Oil and gas drilling activities are subject to numerous risks, many of which are beyond AWE's direct control. Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, unexpected geological conditions, mechanical difficulties, conditions which could result in damage to plant or equipment or the environment, delays in government or regulatory approvals, availability of the necessary technical equipment and appropriately skilled and experienced technicians. Drilling may result in wells that, whilst encountering oil and gas, may not achieve commercially viable results.
Facility Operator	• As Operator of onshore facilities, AWE has front line responsibility for the integrity of the facilities, health and safety of personnel and care of the environment. A failure to maintain adequate systems and processes to avoid or mitigate the risks of health and safety incidents may result in events. In the event of an incident, AWE may face prosecution and/or claims for compensation. In the event of non-compliance with AWE's accepted regulatory submissions, production may be curtailed.

Key Risks

Operating	• Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to AWE due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against AWE. • Industrial disputes, work stoppages and accidents involving AWE employees or contractors, natural disasters and extreme weather events, inadequate supply chain performance, deliberate acts of destruction, difficulties in obtaining necessary land access, the inherent uncertainty in reserves estimates, failure of IT and other systems, cyber security disruption, environmental impacts, all contribute towards operational risk which may have a material adverse impact on AWE's profitability and results of operations • Where AWE relies on third parties to deliver or perform goods and services, there can be no guarantee that relevant third parties will deliver or perform those goods and services in the manner that delivers upon AWE's plans and expected outcomes which, in turn, will adversely affect the operating results and financial performance of AWE. • AWE's future prospects will be influenced by its ability to identify, attract, accommodate, motivate and retain qualified and experienced personnel across its business. In addition, the ability of AWE to maintain strong relations within its workforce, and to develop and/or maintain a strong organisational culture is a critical enabler for the performance of the workforce and, in turn, the operating and financial performance of AWE.
Ability to exploit successful discoveries	• It may not always be possible for AWE to participate in the exploitation of successful discoveries made in any areas in which AWE has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to exploitation (e.g. FID on Waitsia) or further exploitation may require the participation and/or support of other companies including joint venture partners whose interests and objectives may not be the same as AWE. • Material delays or failures to successfully complete AWE's development activities may have a material adverse effect on the operating performance of AWE or its future prospects.
Reserve and Contingent Resource estimates	• Oil and gas reserves estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly or become uncertain when new information becomes available on the oil and gas reservoirs through additional drilling or reservoir engineering tests over the life of a field. • In addition, Reserve and Contingent Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual Reserves or Contingent Resources may differ from those estimated which may result in AWE altering its plans which could have either a positive or negative effect on AWE’s operations.

Key Risks

AWE

Environmental	• AWE's exploration, development and production activities may be delayed or may be unsuccessful owing to state, national and international environmental laws and regulations. Failure to develop existing reserves and a failure to find and develop additional reserves may require AWE to source further gas from other sources at higher cost to meet contractual obligations or otherwise to default on delivery obligations. • Oil and gas exploration, development and production can be potentially environmentally hazardous giving rise to substantial costs for environmental rehabilitation, damage control, and losses. AWE's operations will be subject to environmental controls relating to hazardous operations and for those projects offshore, the discharge of waste into the sea. • The legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making AWE's operations more expensive or causing delays. • Non-governmental activists activities may adversely affect gas exploitation activities including, in particular, onshore gas exploitation (e.g. the Waitsia 2 project) whether or not such activities involve fracking, and may successfully lobby for enhanced or altered regulations that impact or prevent exploration or exploitation activities.
Legislative changes, government policy and approvals	• Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact AWE's operations and the value of its shares. For example, an amendment to petroleum tax legislation in Australia may impact on AWE's existing financial position or its expected financial returns.
Government actions	• AWE requires government regulatory approvals for its operations. The impact of actions, including delays and inactions and expropriation of assets or governmental decisions to participate in projects, by governments in Australia or internationally may affect AWE's activities including such matters as ability to exploit a project, access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to AWE by government bodies, or if they are, that they will be renewed, or that AWE will be in a position to comply with all conditions that are imposed. A failure to comply with relevant laws and regulations, including conditions imposed on AWE's activities under relevant permits, may result in operations being suspended, a forfeiture of critical permits, the imposition of a financial guarantee, or financial penalty or compensation order, along with the potential for reputational damage of AWE. • In addition, a number of Australian states and territories (including the states of Western Australia where the Waitsia gas project is located and Victoria where the Casino gas project in the Otway Basin is located) have introduced moratoria and restrictions on gas production and exploration. There is a risk that other jurisdictions could impose similar restrictions, as well as a risk that the duration of these moratoria could be extended, or the scope of activities that are prohibited expanded including in a manner that could adversely affect the Waitsia 2 project.

Key Risks

Reliance on third party infrastructure	• As is common in the oil and gas sector industry, AWE relies on access to properly maintained operating infrastructure and shared facilities that, in some circumstances, may not be directly controlled by AWE in order to deliver its production to the market. There can be no guarantee that AWE will be able to maintain or obtain access to relevant infrastructure on commercially acceptable terms. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the operating and financial performance of AWE.
Joint Ventures	• AWE is currently, and may in the future become a party to joint venture or joint operating agreements for the licences, leases and permits in which it holds interests. Subject to any sole risk development rights which may exist in the joint venture agreement, AWE may require the agreement of other joint venturers to proceed with an exploration or development project (e.g. the Waitsia 2 project). • Further, under these joint venture agreements, AWE may be voted into programs and budgets which it does not necessarily agree with or have the cash resources to fund. It may also be required to contribute to any increases in capital expenditure requirements and/or operating costs. Furthermore, the situation could arise where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure, in which case AWE may have to make increased contributions to ensure that the program proceeds. • Other companies may from time to time become operators under joint venture operating agreements and, to the extent that AWE is a minority joint venture partner, AWE will be dependent to a degree on the efficient and effective management of those operating companies as managers. The objectives and strategy of these operating companies may not always be consistent with the objectives and strategy of AWE, however, the operators must act in accordance with the directions of the relevant majority of the joint venturers. • AWE's joint venture partners may have economic or other business interests or goals that are inconsistent with the business interest or goals of AWE and may be in a position to take actions contrary to AWE's objectives or interests. Where a joint venture partner does not act in the best interests of the joint venture, there is underperformance by the joint venture management team or where the interests of joint venture partners do not align with AWE, this may adversely affect AWE's business, financial condition or results of operations. • AWE will be required under joint operating agreements to pay its percentage interest share of all costs and liabilities incurred by the joint venture in connection with joint venture activities. In common with other joint venture parties, if AWE fails to pay its share of any costs and liabilities, subject to the terms of each particular joint venture agreement, it may be deemed to have withdrawn from the joint venture and may have to transfer its interest in the exploration permits and the joint venture operating agreements to the other joint venturers.
Gas contracting	• Gas contracting is subject to numerous risks including as to supply, price and counterparty and opportunity risk. • Uncontracted gas volumes may fail to be contracted for sale or may be contracted for sale at lower than expected prices or on less favourable terms and conditions including due to market conditions, which may adversely affect revenue and operations. • Gas sales terms sheets are generally not legally binding documents and there are risks that the parties will not enter into legally binding gas sales agreements to give effect to the gas sales terms sheet or may enter into legally binding gas sales agreements on terms different to those contemplated in the original or existing gas sales terms sheets.

Key Risks

Acquisitions and divestments	• AWE from time to time evaluates acquisition and divestment opportunities across its range of assets and businesses, and engages in confidential negotiations with third parties with respect to these opportunities. However, neither of the opportunities nor the negotiations will be disclosed publicly until such time as the prospects of transacting are sufficiently certain, and AWE has determined the impact of the potential transaction would be material to the price of AWE's Shares. Any acquisition and divestment opportunity could lead to a change in the sources of AWE's earnings and result in variability of earnings over time. Any acquisitions or divestments may also lead to changes in future capital and operating expenditure obligations which may impact on AWE's funding requirements. There is also a risk that receivables in respect of divestment opportunities may not be received at completion, for example, the 30 June 2017 balance sheet included a receivable of approximately $14.5m from HyOil on settlement of the sale of the Lengo PSC.
Counterparties	• The ability of AWE to achieve its stated objectives will depend on the performance of the counterparties under the various agreements it has entered into or will enter into (e.g. gas sales agreements). If any counterparties do not meet their obligations under the respective agreements, this may impact on AWE’s operations, business and financial condition. • Legal action in response to non-performance by a counterparty can be uncertain and costly. There is a risk that AWE cannot seek the legal redress that it could expect against a defaulting counterparty, or that a legal remedy will not be granted on satisfactory terms.
Tax	• AWE is exposed to risks arising from the manner in which Australian, Indonesian and other international tax regimes may be amended, applied, interpreted and enforced. Any actual or alleged failure to comply with, or any change in the interpretation, application or enforcement of, applicable tax laws and regulations could significantly increase AWE's tax liability and expose AWE to legal, regulatory and other actions that could adversely impact its performance. • As set out on page 19, the Indonesian Tax Office is currently auditing the consideration paid by AWE for the acquisition of AWE Northwest Natuna Pte Ltd and AWE Anambas Pte Ltd in 2012, as well as inquiring into the sale of 50% of the AAL PSC to Santos in 2012. AWE is engaging with the ITO in relation to these matters and no amended assessments have been issued.

Key Risks

Litigation and dispute resolution	• The nature of AWE's business means that it may, from time to time, be involved in litigation, regulatory actions or similar disputes arising from a range of matters. AWE may also be involved in investigations, inquiries, audits, disputes or claims. Any of these could result in delays, increase costs or adversely impact AWE's financial performance or condition.
Equity Raising Underwriting Risk	• AWE has entered into a placement agreement under which the underwriter has agreed to fully underwrite the placement. If certain conditions are not satisfied or certain events occur under the placement agreement, the underwriter may terminate this agreement which may require AWE to search for alternative financing.
Investment risk	• An investment in AWE is subject to investment and other known and unknown risks (including possible loss of income and principal invested), some of which are beyond the control of AWE. The risks outlined above, and other risks not specifically referred to, may in the future materially adversely affect the value of AWE shares and their performance. No assurances can be given that the new Shares will trade at or above the issue price. None of AWE, its directors or any other person guarantees the market performance of an investment in AWE, nor does it guarantee any particular tax treatment.

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Offer Restrictions

Norway
This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore
This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

International Offer Restrictions

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.